

## Message Text

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ACTION COME-00

INFO OCT-01 ARA-16 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 SAM-01 EB-11 OMB-01 SCI-06 FEA-02

CIEP-02 INT-08 TRSE-00 STR-08 AGR-20 DRC-01 /154 W

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P 121859Z FEB 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 2712

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E.O. 11652/ N/A

TAGS: EIND, VE

SUBJECT: SHORT SUPPLY PROBLEMS

REF: (A) STATE 23940; (B) CARACAS 1223.

1. ON FURTHER THINKING AND TALKING WITH TRADE SOURCES WE WISH TO QUALIFY OUR ANSWER (REF B) TO DEPARTMENT'S QUERY (REF A), LEST IT PROVE MISLEADING. AS PRACTICAL MATTER, WE ARE CONVINCED THAT EXPORT CONTROLS AND EQUIVALENTS IN VENEZUELA ARE NOT MATERIALLY CONTRIBUTING TO SHORTAGE OF INDUSTRIAL RAW MATERIALS. CONTROL PROCEDURES DO EXIST, HOWEVER, AND HAVE BEEN APPLIED TO SOME AGRICULTURAL MATERIALS. IT IS DIFFICULT TO SAY WHETHER CONTROLS ARE BEING USED IN OTHER PRODUCTS, OR WHETHER INDUSTRIES THEMSELVES ARE RESTRAINING EXPORTS. IN ANY EVENT, VENEZUELA IS NOT IMPORTANT EXPORTER OF INDUSTRIAL RAW MATERIALS, OTHER THAN PETROLEUM (WHICH IS EXCLUDED FROM DEPARTMENT'S QUERY) AND IRON ORE, WHICH IS CONTINUING TO BE EXPORTED.

2. VENEZUELA HAS LAWS REGULATING EXPORTATION OF AN ASSORTMENT OF PRODUCTS INCLUDING INDUSTRIAL MATERIALS. IN ADDITION, MINISTRY OF DEVELOPMENT, CHARGED WITH IMPLEMENTING LEGISLATION THROUGH LICENSING EXPORTS, HAS WIDE DISCRETIONARY POWERS OVER WHAT PRODUCTS

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FALL UNDER REGULATIONS AUTHORITY. FOOD COMMODITIES BEAR BRUNT OF

EXPORT CONTROLS EFFECT BUT THE RELATIVELY FEW BASIC INDUSTRIAL MATERIALS ARE ALSO SUBJECT TO BASIC LAW. RATIONALE FOR LEGISLATION IS TO ASSURE DOMESTIC SUPPLY.

3. IN AGRICULTURE FIELD, EXPORT CONTROLS HAVE BEEN INVOKED ON SUGAR, BUT ACCORDING TO PRODUCERS ASSOCIATION ONLY UNTIL THEY HAVE TIME TO ASSESS PRODUCTION AND DOMESTIC REQUIREMENTS. THIS IS ONLY AGRICULTURAL COMMODITY EXPORTED SIGNIFICANTLY BY VENEZUELA.

4. IN INDUSTRIAL FIELD, NITROGEN, WHICH IS 90 PERCENT OWNED BY STATE PETROCHEMICAL CORPORATION INSTITUTO VENEZOLANO DE PETROQUIMICA, HAS PLED FORCE MAJEURE TO CANCEL CONTRACTS FOR EXPORT OF UREA AND AMMONIA. THIS WAS NOT DONE THROUGH GOVERNMENT EXPORT CONTROLS, BUT REPORTEDLY AS ACTION BY AUTONOMOUS CORPORATION (OWNED ALMOST WHOLLY BY GOVERNMENT).

5. AS FOR OTHER INDUSTRIAL MATERIALS, WE KNOW OF NO INSTANCE OF IMPOSITION OF EXPORT CONTROLS OR OF DENIAL OF LICENSES. OF COURSE, IT IS POSSIBLE THAT PRODUCERS ARE NOT APPLYING FOR EXPORT LICENSES BECAUSE THEY BELIEVE THEY WOULD BE REFUSED. CONCRETE REINFORCING RODS ARE NOT BEING SHIPPED, FOR EXAMPLE, BUT SUCH SHIPMENTS HAVE BEEN MINOR AND SPORADIC, AND WE SEE LITTLE MOTIVATION FOR VENEZUELAN PRODUCERS TO EXPORT WHEN INCREASING LOCAL DEMAND CANNOT BE SATISFIED.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** RAW MATERIALS, SUGAR, EXPORT CONTROLS, INDUSTRIAL EXPORTS, AGRICULTURAL COMMODITIES  
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**Disposition Date:** 28 MAY 2004  
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